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ABSTRACT

This report describes the provisions of the Veterans' Education Amendments of 1986 (H.R. 3747), which would amend chapter 30 of title 38, United States Code, to provide for educational assistance for apprenticeship or other on-the-job training under the All-Volunteer Force Educational Assistance Program. The first part of the report contains the law as now written and as the amendments recommended by the Committee on Veterans' Affairs would change it. The second section of the report provides a summary of H.R. 3747. This is followed by background information about the need for the bill and discussion of the bill's provisions, including apprenticeship and on-the-job training, alternate pay reduction schedule, the new GI bill educational assistance fund, flight training, refund of new GI bill pay reductions, and revisions of selected reserve programs. The sixth part is a section-by-section analysis of the titles and provisions of the proposed amendments. Finally, the report contains oversight findings and a budget statement. (KC)

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VETERANS' EDUCATION AMENDMENTS OF 1986

OCTOBER 18, 1986.—Ordered to be printed

Mr. MONTGOMERY, from the Committee on Veterans' Affairs,
submitted the following

REPORT

[To accompany H.R. 3747]

[Including cost estimate of the Congressional Budget Office]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 3747) to amend chapter 30 of title 38, United States Code, to provide for educational assistance for apprenticeship or other on job training under the All-Volunteer Force Educational Assistance Program, having considered the same, report favorably thereon with amendments by unanimous voice vote and recommend that the bill as amended do pass.

The amendments are as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE

This Act may be cited as the "Veterans' Education Amendments of 1986".

TITLE I—REVISIONS IN EDUCATIONAL ASSISTANCE PROGRAMS FOR
VETERANS

SEC. 101. APPRENTICESHIP OR OTHER ON-JOB TRAINING UNDER THE NEW GI BILL.

(a) IN GENERAL.—Section 1402 of title 38, United States Code, is amended—

(1) By striking out paragraph (3) and inserting in lieu thereof the following:

"(3) The term 'program of education'—

"(A) has the meaning given such term in section 1652(b) of this title, and

"(B) includes a full-time program of apprenticeship or of other on-job training approved as provided in clause (1) or (2), as appropriate, of section 1787(a) of this title"; and

(2) by adding at the end the following new paragraph:

"(7) the term 'training establishment' has the meaning given such term in section 1652(e) of this title."

(b) AMOUNT OF ASSISTANCE.—Section 1432 of such title is amended by adding at the end the following new subsection:

"(c) In any month in which an individual pursuing a program of education consisting of a program of apprenticeship or other on-job training fails to complete 120

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hours of training, the amount of monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours."

(c) **CONFORMING AMENDMENT.**—Section 1434(a) of such title is amended by striking out "1777," in the parenthetical material.

(d) **TECHNICAL AMENDMENTS.**—(1) The heading of section 1432 of such title is amended to read as follows:

"§ 1432. Limitations on educational assistance for certain individuals".

(2) The item relating to such section in the table of sections at the beginning of chapter 30 of such title is amended to read as follows:

"1432. Limitations on educational assistance for certain individuals."

SEC. 102. PROVISIONS RELATING TO REDUCTION OF PAY IN THE NEW GI BILL.

(a) **IN GENERAL.**—Section 1411(b) of title 38, United States Code, is amended to read as follows:

"(b)(1) The basic pay of any individual described in subsection (a)(1)(A) of this section who does not make an election under subsection (c)(1) of this section shall be reduced by—

"(A) \$100 for each of the first 12 months that the individual is entitled to such pay; or

"(B) \$50 for each of the first 24 months that the individual is entitled to such pay,

as determined by the individual in accordance with regulations which the Secretary concerned shall prescribe.

"(2) Amounts by which basic pay is reduced under this subsection shall be deposited in the Veterans' Administration New GI Bill Educational Assistance Fund established under section 1437 of this title."

(b) **CONFORMING AMENDMENT.**—Section 1412(c) of such title is amended to read as follows:

"(c)(1) The basic pay of any individual described in subsection (a)(1)(A) of this section who does not make an election under subsection (d)(1) of this section shall be reduced by—

"(A) \$100 for each of the first 12 months that individual is entitled to such pay; or

"(B) \$50 for each of the first 24 months that the individual is entitled to such pay,

as determined by the individual in accordance with regulations which the Secretary concerned shall prescribe.

"(2) Amounts by which basic pay is reduced under this subsection shall be deposited in the Veterans' Administration New GI Bill Educational Assistance Fund established under section 1437 of this title."

SEC. 103. ESTABLISHMENT OF NEW GI BILL EDUCATIONAL ASSISTANCE FUND.

(a) **IN GENERAL.**—Chapter 30 of title 38, United States Code, is amended by adding at the end the following new section:

"§ 1437. Veterans' Administration New GI Bill Educational Assistance Fund

"(a) There is hereby established in the Treasury of the United States a fund to be known as the Veterans' Administration New GI Bill Educational Assistance Fund. Amounts deposited in the Fund pursuant to sections 1411(b)(2) and 1412(c)(2) of this title shall be available for payments by the Administrator of entitlements earned under subchapter II of this chapter (other than for entitlements established under section 1415(c)) and for refunds made under section 1438. Such amounts shall be in addition to amounts that are available under section 1435(b)(1) of this title.

"(b)(1) The Secretary of the Treasury shall invest the portion of the Fund that is not required to meet current payments made from the Fund, as determined by the Administrator, in obligations of the United States or in obligations guaranteed as to principal and interest by the United States.

"(2) Such obligations shall have maturities suitable to the needs of the Fund, as determined by the Administrator, and shall bear interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

"(3) The income on such investments shall be credited to and form a part of the Fund."

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"(b) TECHNICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"1437. Veterans' Administration New GI Bill Educational Assistance Fund."

SEC. 164. ADVISORY COMMITTEE AMENDMENTS CONCERNING NEW GI BILL.

Section 1792 of title 38, United States Code, is amended—

- (1) in subsection (a), by inserting "30," after "chapter" in the first sentence;
- (2) in subsection (a), by striking out "an advisory committee" and inserting in lieu thereof "a Veterans' Advisory Committee on Education"; and
- (3) in subsection (b), by inserting "30," after "chapters" in the first sentence.

SEC. 165. PROGRAM ADMINISTRATION OF NEW GI BILL.

Section 1434 of title 38, United States Code, is amended—

- (1) in subsection (a), by striking out "1786, 1787, and 1792" and inserting in lieu thereof "1780(c), 1780(g), 1786, and 1787"; and
- (2) by striking out subsection (b) and inserting in lieu thereof the the following:

"(b) The Administrator may, pursuant to regulations which the Administrator shall prescribe, determine and define enrollment in, pursuit of, and attendance at, any program of education by an individual enrolled in or pursuing a program of education under this chapter for any period for which the individual receives educational assistance under this chapter. Subject to such reports and proof as the Administrator may require to show an individual's enrollment in and satisfactory pursuit of such individual's program, the Administrator may withhold payment of benefits to such individual until the required proof is received and the amount of the payment is appropriately adjusted."

SEC. 166. BAR TO DUPLICATION OF BENEFITS.

Section 1433(c) of title 38, United States Code, is amended to read as follows:

"(c) An individual who serves in the Selected Reserve may not receive credit for such service under both the program established by this chapter and the program established by chapter 106 of title 10 but shall elect (in such form and manner as the Administrator may prescribe) the program to which such service is to be credited."

SEC. 167. FLIGHT TRAINING UNDER THE NEW GI BILL.

(a) IN GENERAL.—Section 1434 of title 38, United States Code, is amended—

- (1) in subsection (a), by inserting after "1673" the following: "(with the exception of subsection (b))";
- (2) by redesignating subsection (c) as subsection (d); and
- (3) by adding after subsection (b) the following new subsection:

"(c) The Administrator may approve the pursuit of flight training by an individual entitled to basic educational assistance under this chapter if—

"(1) such training is—

"(A) offered by an institution of higher learning for credit toward a standard college or university degree;

"(B) generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation; or

"(C) generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation;

"(2) the individual possesses a valid private pilot's license and meets the medical requirements necessary for a commercial pilot's license; and

"(3) the flight school courses meet the Federal Aviation Administration standards and are approved by the State approving agency."

(b) AMOUNT OF ASSISTANCE.—Section 1432 of such title is amended by adding the following new subsection after the subsection added by section 101(b) of this Act:

"(d) Each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 1434(c) of this title shall be paid an educational assistance allowance under this chapter to be computed at the rate of 75 per centum of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same flight course are required to pay. No educational assistance allowance for any month shall be paid to an individual under this chapter who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certificate from the individual and the institution as to actual flight training received by, and the cost thereof, to the veteran during that month. In each case the period of entitlement of such individual shall be charged with one month for each payment of an educational assistance allowance to the individual for such course which is equal

to the total amount of monthly educational assistance which the individual is eligible to receive under subsection (a)(1), (b)(1), or (c) of section 1415 of this title, as the case may be."

SEC. 108. REFUNDS OF CONTRIBUTIONS UNDER THE NEW GI BILL.

(a) IN GENERAL.—Chapter 30 of title 38, United States Code, is amended by adding at the end the following new section after the section added by section 103 of this Act:

"§ 1438. Refunds

"(a) The Administrator shall make a refund in an amount described in subsection (c) to an individual who is entitled to educational assistance under this chapter, but who has not been paid any allowance under section 1414, if the individual files an application with the Administrator for such refund during the 12-month period beginning 5 years after the date of the individual's last discharge or release from active duty.

"(b) In the event of the death of an individual who is entitled to educational assistance under this chapter but who has not been paid any allowance under section 1414, the Administrator shall pay a refund in the amount described in subsection (c) to the living person or persons first listed below:

"(1) The beneficiary or beneficiaries designated by such individual under such individual's Servicemen's Group Life Insurance policy.

"(2) The surviving spouse of the individual.

"(3) The surviving child or children of the individual, in equal shares.

"(4) The surviving parent or parents of the individual, in equal shares.

If there is no such person living, the Administrator shall pay such amount to the individual's estate.

"(c) The amount of any refund paid under this section shall be equal to the amount reduced from the individual's pay under section 1411(b) or 1412(c).

"(d) Any individual to whom a refund is made under this section shall not be entitled to any educational assistance under this chapter on and after the date of such refund."

(b) TECHNICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by adding at the end the following new item after the item added by section 103(b) of this Act:

"1438. Refunds."

SEC. 109. TECHNICAL AND CLERICAL AMENDMENTS.

Title 38, United States Code, is amended as follows:

(1) Section 1411(a) is amended—

(A) in the matter preceding clause (1), by inserting a comma after "of this section";

(B) in clause (1)(A)(ii)(II), by inserting "continuous" after "months of" both places it appears; and

(C) in clause (1)(B)(ii)(II), by inserting "continuous" after "months of".

(2) Section 1412 is amended—

(A) in subsection (a), by striking out "subsection (c)" and inserting in lieu thereof "subsection (d)"; and

(B) in subsection (b)(1), by inserting "such" after "three and one-half years of".

(3) Section 1413 is amended—

(A) in subsection (a)(2), by inserting the following before the period at the end: "after the date of the beginning of the period for which the individual's basic pay is reduced under section 1411(b) of this title, in the case of an individual described in section 1411(a)(1)(A)(ii)(I) of this title, or after June 30, 1985, in the case of an individual described in section 1411(a)(1)(B)(ii)(I) of this title"; and

(B) in subsection (b)—

(i) by inserting in clause (1) after "individual" the following: "after the date of the beginning of the period for which such individual's basic pay is reduced under section 1412(c) of this title, in the case of an individual described in section 1412(a)(1)(A), or after June 30, 1985, in the case of an individual described in section 1412(a)(1)(B) of this title"; and

(ii) by inserting "after such date" after "Selected Reserve" and after "active duty" in clause (2).

(4) The text of section 1416 is amended to read as follows:

"(a) A member of the Armed Forces who—

"(1) first becomes a member or first enters on active duty as a member of the Armed Forces after June 30, 1985, and does not make an election under section 1411(c)(1) or section 1412(d)(1);

"(2) completes at least two years of service on active duty after such date;

"(3) after such service, continues on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

"(4) but for section 1411(a)(1)(A)(i) or 1412(a)(1)(A)(ii) of this title would be eligible for basic educational assistance,

may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1411(a)(1)(A)(i) or 1412(a)(1)(A)(ii) of this title.

"(b) A member of the Armed Forces who—

"(1) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title;

"(2) after June 30, 1985, has served the two years required by section 1412(a)(1)(B)(i); and

"(3) but for section 1412(a)(1)(B)(ii) of this title would be eligible for basic educational assistance,

may, after December 31, 1989, receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1412(a)(1)(B)(ii) of this title."

(5) Section 1421 is amended by striking out "in addition to" each place it appears in subsections (a)(1) and (b)(1) and inserting in lieu thereof "after".

(6) Section 1421(c)(1) is amended by striking out "his" and inserting in lieu thereof "the member's".

(7)(A) Subsection (a) of section 1431 is amended by striking out "(d)" and inserting in lieu thereof "(e)".

"(B) Subsection (b) of such section is amended—

(i) by striking out "subchapter II or III of";

(ii) by striking out "of such subchapter" and inserting in lieu thereof "of this chapter";

(iii) by striking out "(1)" after "before"; and

(iv) by striking out "or (2)" and all that follows through "1412(a)(3) of this title."

(C) Subsection (e)(2) of such section is amended by inserting "not" after "educational institution".

(8) Section 1433(a)(1) is amended by striking out "chapter 31" and all that follows through "both programs" and inserting in lieu thereof "chapter 31, 32, or 35 of this title, under chapter 106 or 107 of title 10, or under the Hostage Relief Act of 1980 (Public Law 96-449; 5 U.S.C. 5561 note) may not receive assistance under two or more of such programs".

(9) Section 1435(b)(2) is amended by inserting "or 1415(b)" after "section 1415(a)".

(10) Section 1781(b) is amended—

(A) by striking out "for the pursuit of the same program of education"; and

(B) by striking out "Chapter 107" in clause (2) and inserting in lieu thereof "Chapters 106 and 107".

(11) Section 3013 is amended by inserting "30," after "chapters".

(12) Section 3103A(b)(3) is amended—

(A) by striking out "or" at the end of clause (D);

(B) by striking out the period at the end of clause (E) and inserting in lieu thereof "; or"; and

(C) by adding at the end the following new clause:

"(F) to benefits under chapter 30 of this title in the case of a person entitled to benefits under such chapter by reason of section 1411(a)(1)(A)(ii)(II) of this title."

TITLE II—REVISIONS OF SELECTED RESERVE PROGRAM

SEC. 201. DEFINITION OF PROGRAM OF EDUCATION.

(a) IN GENERAL.—Section 2131(c)(1) of title 10, United States Code, is amended to read as follows:

"(c)(1) Educational assistance may only be provided under this chapter for pursuit of a program of education that is an approved program of education for purposes of chapter 30 of title 38; except that such assistance may not be provided to any person

with respect to postgraduate courses of education leading to a postgraduate degree after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion of study."

(b) AMOUNT OF ASSISTANCE FOR APPRENTICESHIP.—Section 2131 of such title is amended—

(1) in subsection (b), by striking out "Each" and inserting in lieu thereof "Except as provided in subsections (d) and (e), each"; and

(2) by adding at the end the following new subsection:

"(d) In any month in which an individual pursuing a program of education consisting of a program of apprenticeship or other on-job training fails to complete 120 hours of training, the amount of monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours."

SEC. 202. PROGRAM ADMINISTRATION.

Section 2136 of title 10, United States Code, is amended—

(1) in subsection (b), by inserting "1780(c), 1780(g)," after "1780(b)"; and

(2) by adding at the end the following new subsection:

"(c) The Administrator may, pursuant to regulations which the Administrator shall prescribe, determine and define enrollment in, pursuit of, and attendance at, any program of education by an individual enrolled in or pursuing a program of education under this chapter for any period for which the individual receives educational assistance under this chapter. Subject to such reports and proof as the Administrator may require to show an individual's enrollment in and satisfactory pursuit of such individual's program, the Administrator may withhold payment of benefits to such individual until the required proof is received and the amount of the payment is appropriately adjusted."

SEC. 203. FLIGHT TRAINING.

(a) IN GENERAL.—Section 2136 of title 10, United States Code, is amended—

(1) in subsection (b), by inserting after "1673" the following: "(with the exception of subsection (b))"; and

(2) by adding the following new subsection after the subsection added by section 202 of this Act:

"(d) The Administrator of Veterans' Affairs may approve the pursuit of flight training by an individual entitled to educational assistance under this chapter if—

"(1) such training is—

"(A) offered by an institution of higher learning for credit toward a standard college or university degree;

"(B) generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation; or

"(C) generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation;

"(2) the individual possesses a valid private pilot's license and meets the medical requirements necessary for a commercial pilot's license; and

"(3) the flight school courses meet the Federal Aviation Administration standards and are approved by the State approving agency."

(b) AMOUNT OF ASSISTANCE.—Section 2131 of such title is amended by adding the following new subsection after the subsection added by section 201(b) of this Act:

"(e) Each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 2136(d) shall be paid an educational assistance allowance under this chapter to be computed at the rate of 75 per centum of the established charges for tuition and fees which similarly circumstanced individuals enrolled in the same flight course are required to pay. No educational assistance allowance for any month shall be paid to an individual under this chapter who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certificate from the individual and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month. In each case the period of entitlement of such individual shall be charged with one month for each \$140 which is paid to the individual as an educational assistance allowance for such course."

SEC. 204. TIME OF COMPLETION OF CERTAIN ELIGIBILITY REQUIREMENTS.

Section 2132(a)(2) of title 10, United States Code, is amended by striking out "before completing initial active duty for training" and inserting in lieu thereof "before completing the service referred to in paragraph (1)".

SEC. 205. TECHNICAL AND CLARIFYING AMENDMENTS.

(a) **AMOUNT OF PAYMENT FOR LESS THAN HALF-TIME PURSUIT OF A PROGRAM OF EDUCATION.**—Section 2131(b) of title 10, United States Code, is amended—

(1) by striking out “and” at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof “; and”; and

(3) by inserting at the end the following new paragraph:

“(4) an appropriately reduced rate, as determined under regulations which the Administrator of Veterans’ Affairs shall prescribe, for each month of less than half-time pursuit of a program of education.”

(b) **NUMBER OF MONTHS OF PART-TIME ASSISTANCE.**—Section 2131(c)(2) of such title is amended by adding before the period at the end the following: “(or the equivalent thereof in part-time educational assistance)”.

(c) **BAR TO DUPLICATION OF BENEFITS.**—Section 2132(d) of such title is amended to read as follows:

“(d) An individual who serves in the Selected Reserve may not receive credit for such service under both the program established by chapter 30 of title 38 and the program established by this chapter but shall elect (in such form and manner as the Administrator of Veterans’ Affairs may prescribe) the program to which such service is to be credited.”

(d) **TIME LIMITATION ON USE OF ENTITLEMENT.**—Section 2133 of such title is amended—

(1) in subsection (a), by striking out “section” and inserting in lieu thereof “chapter”; and

(2) in subsection (b), by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and by adding as paragraph (1) the following new paragraph:

“(b)(1) In the case of a person separated from the Selected Reserve because of a disability (which was not the result of the individual’s own willful misconduct) incurred on or after the date on which such person becomes entitled to educational assistance under this chapter, the period of entitlement prescribed by subsection (a) shall be determined without regard to clause (2) of such subsection.”

(e) **ADMINISTRATIVE NOTICE.**—Section 2132(c) of such title is amended by adding the following sentence at the end: “At the request of the Administrator of Veterans’ Affairs, the Secretary of Defense shall transmit a notice of entitlement for each such person to the Administrator.”

(f) **FAILURE TO PARTICIPATE SATISFACTORILY.**—Section 2135 of such title is amended—

(1) in subsection (a)(1), by inserting “, and during which the member has received such assistance,” after “chapter”; and

(2) by striking out subsection (b)(1)(A) and inserting in lieu thereof the following:

“(A) the number of months of obligated service the person has remaining under section 2132 of this title divided by the original number of months of such obligation; and”.

Amend the title so as to read:

A bill to improve veterans’ education benefits, and for other purposes.

INTRODUCTION

On November 13, 1985, the Honorable Tom Daschle, chairman of the Subcommittee on Education, Training and Employment, introduced H.R. 3747, a bill to provide for educational assistance for apprenticeship or other on-the-job training under the New GI Bill.

The Subcommittee on Education, Training and Employment held hearings on November 19 and 21, 1985, to review the implementation, structure, and initial impact of the new educational assistance program for the All-Volunteer Force. Witnesses at these hearings included the chairman of the Veterans’ Affairs Committee, the Honorable G. V. (Sonny) Montgomery, and representatives of the Department of Defense, U.S. Army, U.S. Navy, U.S. Air Force, U.S. Marine Corps, U.S. Coast Guard, Aircraft Owners and Pilots Association, Home Builders Institute, and the National Association of

Veterans Program Administrators. Testimony was also presented by representatives of the Veterans' Administration, the National Guard and Selected Reserves, and public witnesses. Recommendations made by witnesses at these hearings contributed to the development of H.R. 3747, amended.

On May 27, 1986, the subcommittee held a field hearing in Denver, Colorado, to review the New GI Bill, with particular emphasis on H.R. 3747, amended. Witnesses included the Honorable Patricia Schroeder, the Honorable Timothy E. Wirth, the Honorable Ken Kramer, and representatives of the National Guard and the active duty and Reserve forces of the U.S. military.

The Subcommittee on Education, Training and Employment met on February 19, 1986, and unanimously recommended H.R. 3747, as amended, to the full committee. On July 29, 1986, the full committee approved H.R. 3747, as amended, and ordered the bill reported.

SUMMARY OF H.R. 3747

The following is a brief summary of the principal features of H.R. 3747, the Veterans' Education Amendments of 1986. The legislation is explained in more detail in the section-by-section analysis of the bill.

H.R. 3747 would:

1. Authorize apprenticeship and on-the-job training under the New GI Bill for active duty servicemembers and members of the Selected Reserve and National Guard.

2. Permit an alternate pay reduction schedule for armed services members participating in the New GI Bill program.

3. Establish the "Veterans' Administration New GI Bill Educational Assistance Fund" in the U.S. Treasury in which pay reductions of participants in the New GI Bill program would be deposited. The Administrator would use this fund for payments of basic educational assistance and for other purposes.

4. Amend the scope of the Veterans' Advisory Committee on Education to include the New GI Bill.

5. Amend the current requirement of monthly certification for individuals attending institutions of higher learning to permit certification for a school year. This includes active duty servicemembers and members of the Selected Reserve and National Guard.

6. Bar members of the Selected Reserve from receiving duplicate educational assistance benefits under both chapter 30 of title 38 and chapter 106 of title 10.

7. Authorize flight training under the New GI Bill for active duty servicemembers and members of the Selected Reserve and National Guard.

8. Authorize the Administrator of Veterans' Affairs to refund New GI Bill pay reductions to servicemembers who have not utilized their educational benefits of the New GI Bill.

9. Authorize the Administrator of Veterans' Affairs to refund New GI Bill pay reductions to the estate of a deceased servicemember.

10. Provide that National Guard and Reserve members studying under the New GI Bill (chapter 106, title 10) may

pursue the same programs of education available to active duty servicemembers under the New GI Bill (chapter 30, title 38) with the exception of postgraduate training.

11. Improve education benefits assistance eligibility for members of the Reserve and National Guard by permitting achievement of a high school diploma or its equivalent after completion of active duty for training.

12. Provide for the payment of benefits for less than half-time pursuit of a program of education under chapter 106, title 10.

BACKGROUND

The chaos evident in the armed services during the late 1970's and early 1980's demonstrated what can happen to our Armed Forces when the most capable young people do not choose to serve in the military. In 1981, then Army Chief of Staff, Gen. Edward Meyer, testified before the Subcommittee on Education, Training and Employment. In his statement he made the following comment: "Despite all you've heard, the biggest single deterrent to the current readiness of the Army is turbulence." General Meyer went on to explain that this turbulence was caused by the large number of recruits who were ill-suited to military service. He concluded his statement with this comment: "I believe that Army readiness will be improved today and tomorrow with a GI Bill which supports the active and the Reserve, the first-termer and the careerist."

On January 28, 1981, the Honorable G.V. (Sonny) Montgomery, chairman of the committee, introduced H.R. 1400, a bill to establish a new educational assistance program for the All Volunteer Force. Over the next 4 years, this legislation was reviewed as thoroughly as any bill ever considered by the Congress. Over 20 hearings were held on this issue, and thousands of pages of testimony were received from more than 200 witnesses.

On October 19, 1984, Public Law 98-525, the Department of Defense Authorization Act of 1984, was signed into law. Title VII of this act established the New GI Bill for individuals entering the military on or after July 1, 1985, and before July 1, 1988.

As has been the case with previous GI bills, the purposes of the New GI Bill are:

1. To assist members of the Armed Forces to readjust to civilian life after their separation from military service;
2. To assist the All-Volunteer Force program and the total force concept of the Armed Forces by establishing a new program of educational assistance based upon service on active duty or a combination of service on active duty and in the Selected Reserve (including the National Guard), to aid in the recruitment and retention of highly qualified personnel for both the active and reserve components of the Armed Forces; and
3. To give special emphasis to providing educational assistance benefits to aid in the retention of personnel in the Armed Forces.

The committee believes that the "turbulence" the services experienced a few years ago will not reoccur due to the enactment of the New GI Bill. In spite of the continuing reduction in the unemployment rate and the decline in the manpower pool from which the Armed Forces must attract recruits, the services will continue to draw bright, high quality recruits. The educational assistance benefits available under the New GI Bill will attract these young people who, but for the availability of this new educational assistance program, would not enlist in the military.

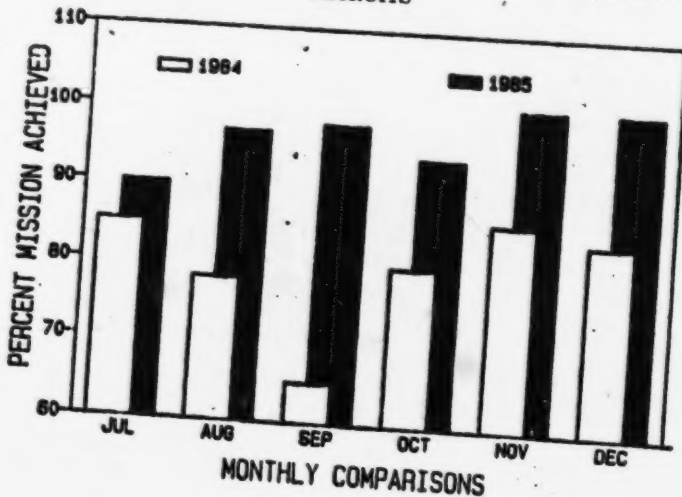
Recent statistics indicate that the New GI Bill is already a successful, popular program. As of June 30, 1986, the cumulative participation rates in the program were as follows:

	Percent
Army.....	71.0
Navy.....	36.3
Air Force.....	40.1
Marines.....	58.5

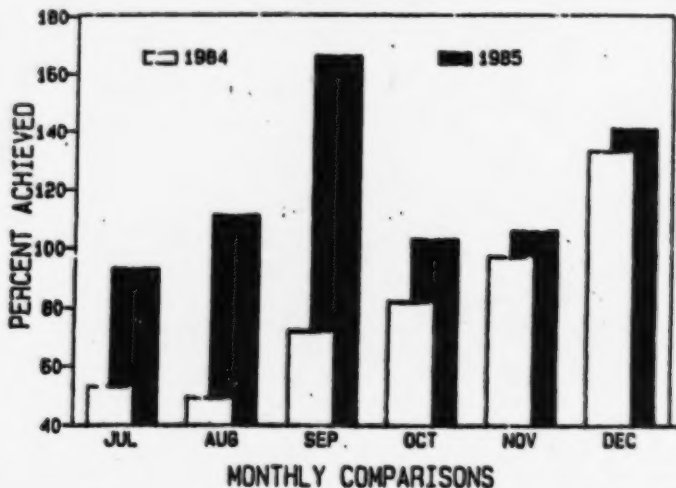
In the Reserve components, 26,500 individuals have already received educational benefits under the New GI Bill program established for members of the National Guard and Selected Reserve (Chapter 106, Title 10, United States Code).

The Army Recruiting Command has developed the following two graphs which show recruiting accomplishments for high-quality male recruits in the active and reserve components for the same period in 1984, before the availability of the new GI Bill, and in 1985, after the availability of the new GI Bill. These graphs clearly demonstrate the New GI Bill's positive effect on quality recruiting.

ACTIVE ARMY RECRUITING ACCOMPLISHMENT FOR HIGH QUALITY MALE RECRUITS



ARMY RESERVE RECRUITING ACCOMPLISHMENT FOR HIGH QUALITY MALE RECRUITS



These statistics are impressive and the New GI Bill is off to a good start. However, during hearings held by the Subcommittee on Education, Training and Employment, testimony was received indicating that, in spite of its success, modest amendments to the New GI Bill would maximize its effectiveness during the three year test period. The provisions of H.R. 3747, amended, reflect the impressive testimony received by the subcommittee last fall and earlier this year.

DISCUSSION OF THE BILL

As noted earlier, the Department of Defense Authorization Act of 1984, Public Law 98-525, established a new educational assistance program for individuals serving in the All-Volunteer Force. For active duty servicemembers, eligibility is limited to those who first enter on active duty on or after July 1, 1985, and before July 1, 1988. Guardsmen and reservists must enlist, reenlist, or extend an enlistment for 6 years between July 1, 1985 and June 30, 1988.

The creation of a New GI Bill was reviewed and debated at length during the 97th and 98th Congresses. It is the view of the committee that the enactment of this new educational assistance program was one of the wisest actions the Congress has ever taken. Weapons and equipment procurement are necessary, but nothing is more critical to our sound national defense than our service-members.

Although the New GI Bill is already proving to be the highly efficient recruitment and retention tool its supporters said it would be, testimony received by the Subcommittee on Education, Training and Employment suggested that amendments to the program

would maximize its effectiveness. Fine-tuning of the program would make the 3-year test as meaningful as possible.

APPRENTICESHIP AND ON-THE-JOB TRAINING

The committee bill would authorize apprenticeship and on-the-job (OJT) training under the New GI Bill. Under current law, benefits are provided only for school training. The omission of OJT and apprenticeship training severely limits opportunities for those veterans who choose not to pursue training at educational institutions due to family, financial, or other considerations.

On-the-job and apprenticeship training were included under the World War II, Korean, and Vietnam Era GI Bills. These programs have been very successful in terms of quality of training and the completion rate of veterans enrolled in such training. According to Veterans' Administration statistics, 75 percent of those veterans who participated in OJT and apprenticeship training completed the training. This compares favorably with the 64 percent completion rate for college training. Additionally, 89 percent of veterans who completed apprenticeship training and 86 percent of those completing OJT stayed in jobs related to their training.

As is the case with all previous GI Bills, an important purpose of the New GI Bill is to assist in the readjustment of members of the Armed Forces to civilian life after separation from military service. If this new educational assistance program is to effectively assist the readjustment process, the New GI Bill must be broad and diversified so that the needs, talents, and ambitions of all veterans are satisfied. On-the-job and apprenticeship training are important training options, and our newest veterans should have the opportunity to participate in these highly successful alternatives to higher education and technical schools.

ALTERNATE PAY REDUCTION SCHEDULE

Under current law, the basic pay of a servicemember participating in the Chapter 30, Title 38, USC, program is reduced by \$100 per month for 12 months. The Committee bill would authorize a pay reduction schedule of \$50 per month for 24 months. The financial strain on young recruits imposed by the required reduction in basic pay would thus be eased considerably, but the total amount of funds collected would not be reduced.

This provision has been recommended and supported by the individual services. In correspondence with the chairman of the Subcommittee on Education, Training and Employment, Lt. Gen. Robert M. Elton, Deputy Chief of Staff for Personnel, U.S. Army, recommended several changes to the New GI Bill, including a spread in the pay reduction schedule. He asserted that this change to the program, as well as his other recommendations, would increase participation, provide equity and improve the program.

VETERANS' ADMINISTRATION NEW GI BILL EDUCATIONAL ASSISTANCE FUND

H.R. 3747, as amended, would create a new account, the Veterans' Administration New GI Bill Educational Assistance Fund.

Income to the fund would consist of the basic pay reductions of participating servicemembers, plus interest earned on available balances. Under current law, pay reductions are received by the Treasury and offset against the total Veterans' Administration budget for that fiscal year.

To the extent that funds are available, basic benefits under the New GI Bill would be paid out of this fund, thus allowing the VA to reduce the budget authority request for the Readjustment Benefits account. Any refunds made to program participants would also be made from this fund subject to availability.

The pay reductions deposited in the New GI Bill Educational Assistance Fund would generate budget authority for the fund which would reduce, by an equivalent amount, future requirements for appropriated budget authority. The committee wants to stress that the Federal deficit is unaffected by the creation of this fund. The creation of the fund does, however, require a scorekeeping change to reflect the contribution in the Educational Assistance Fund. The increased budget authority demonstrates this scorekeeping change.

FLIGHT TRAINING

The committee bill would authorize pursuit of flight training for active duty servicemembers and reservists who participate in the New GI Bill. The educational assistance allowance would be 75 percent of the established charges for tuition and fees.

Eligible candidates for flight training benefits must possess a valid private pilot's license and meet medical requirements for a commercial pilot's license. In addition, flight school courses must meet Federal Aviation Administration standards and be approved by the State approving agency.

Over the last 15 years, student pilot starts have dropped 30 percent, commercial pilot certificates have dropped 58 percent, and instrument rating certifications have decreased 49 percent. At the same time, deregulation of the airlines has led to an increased demand for pilots. Additionally, there has been an 11 percent rise in the average age of commercial pilots to 42.6 years.

These circumstances may combine to create, by 1992, a significant shortage of commercial pilots. Employment opportunities in the field of aviation are expanding, and our newest veterans should be provided the means to qualify in this growing industry.

REFUND OF NEW GI BILL PAY REDUCTIONS

The committee bill would authorize the Administrator to refund New GI Bill pay reductions to servicemembers who have not utilized the educational benefits of the New GI Bill. Application for refund may be made only between the fifth and sixth year anniversary of the servicemember's discharge or release from active duty. The Administrator would also be authorized to refund New GI Bill pay reductions to the estate of a deceased servicemember. Current law does not permit a refund of pay reductions under any circumstances.

The committee feels that this provision is equitable yet is designed to discourage veterans from forfeiting their educational assistance benefits without serious thought. Because this provision is

narrowly drawn, the "in and out" pattern of participation, and resulting administrative nightmare, which characterized the Veterans' Educational Assistance Program (VEAP) will be avoided.

A refund provision was recommended by the Department of Defense as well as the services. In his list of recommended changes, Lt. Gen. Robert M. Elton put a one-time refund at the top of his priorities.

The Administrator would also be authorized to refund New GI Bill pay reductions to the beneficiary or estate of a deceased servicemember who had not utilized any educational assistance entitlement. The committee believes this is a matter of simple equity.

REVISIONS OF SELECTED RESERVE PROGRAM

H.R. 3747, amended, would provide that under chapter 106 of title 10, educational assistance could be provided for pursuit of a program of education that is approved for chapter 30 of title 38, with the exception of postgraduate courses of education. Current law limits education programs for members of the Selected Reserve to those programs at institutions of higher learning.

It is the view of the committee that the New GI Bill program for the Selected Reserve should provide educational opportunities for those individuals who do not choose to attend an institution of higher learning (IHL). The current restriction in educational pursuits fails to recognize the many different talents, interests, and ambitions of our Nation's reservists. It is unfair to force a reservist who prefers technical or on-job training to pursue classes at an IHL in order to benefit from the New GI Bill.

Additionally, representatives of the Selected Reserve, in testimony before the Subcommittee on Education, Training and Employment, enthusiastically endorsed an expansion of the available courses of study. They pointed out that the technical training pursued by reservists will benefit the services as well as the individual servicemembers. Lt. Gen. Emmett H. Walker, Jr., Chief, National Guard Bureau, stated in testimony before the subcommittee: "... we certainly endorse the vocational training. We think that gives a lot of training where we need it, particularly as we're going to the high tech fields. We need that vocational training."

The committee bill would also provide for an appropriately reduced rate of payment of educational assistance benefits in the case of an individual pursuing a program of education under chapter 106, title 10 on less than a half-time basis. Current law does not provide for payment of an assistance allowance based on less than half-time course pursuit. Many reservists and guardsmen hold full-time jobs and have little time available for schooling. Those who are committed to furthering their education often must take only one course at a time. These individuals are needlessly penalized under current law. The committee feels that this is an inequity that resulted from an oversight at the time the New GI Bill was enacted in 1984 and should be corrected.

SECTION-BY-SECTION ANALYSIS

Section 1 of the bill states that the Act may be cited as the "Veterans' Education Amendments of 1986."

TITLE I—REVISIONS IN EDUCATIONAL ASSISTANCE PROGRAMS FOR
VETERANS

Section 101—Apprenticeship or other on-job training under the new GI bill

Subsection (a) of section 101 would amend section 1402 of title 38, United States Code, to incorporate provisions relating to apprenticeship and on-job training.

Clause (1) of subsection (a). Amends section 1402(3) to state that the term "program of education" has the meaning given such term in section 1652(b) of that title and includes a full-time program of apprenticeship or other on-job training approved as provided in clause (1) or (2), as appropriate, of section 1787(a) of that title.

Clause (2) of subsection (a). Adds a new paragraph (7) to section 1402 to provide that the term "training establishment" has the meaning given such term in section 1652(e) of title 38.

Subsection (b) of section 101 would amend section 1432 of title 38, United States Code, by adding a new subsection (c) at the end thereof, as follows:

New subsection (c) of section 1432 would limit the amount of educational assistance payable in any month in which an individual pursuing a program of apprenticeship or on-job training under chapter 30 of such title fails to complete 120 hours of training. In such case, the amount of monthly educational assistance allowance payable would be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours.

Subsection (c) of section 101 would make a conforming amendment to section 1434(a) of title 38, United States Code, by striking out a reference to section 1777 of such title in the parenthetical material contained therein. As a result, section 1777, which governs approval of on-job training, would be applicable to the provision of educational assistance under chapter 30 of title 38.

Subsection (d) of section 101 would amend the heading of section 1432 of title 38, United States Code, to read "**§ 1432. Limitations on educational assistance for certain individuals**" and would amend the item relating to such section in the table of sections at the beginning of chapter 30 of such title to read "**1432. Limitations on educational assistance for certain individuals.**"

Section 102—Provisions relating to reduction of pay in the new GI bill

Subsection (a) of section 102 would amend section 1411(b) of title 38, United States Code, to provide that the basic pay of any individual described in section 1411(a)(1)(A) of such title who does not make an election (not to participate) under section 1411(c)(1) shall be reduced by either \$100 for each of the first 12 months the individual is entitled to such pay, or \$50 for each of the first 24 months that the individual is entitled to such pay, as determined by the individual in accordance with regulations which the Secretary concerned shall prescribe. Section 1411(b) also would provide that amounts by which basic pay is reduced under that subsection shall be deposited in the Veterans' Administration New GI Bill Educa-

tional Assistance Fund, as would be established under new section 1437 of such title by section 103 of the Act.

Subsection (b) of section 102 would make a conforming amendment to section 1412(c) of title 38, United States Code, providing for the same basic pay reduction provisions as provided in section 1411(b) as amended by subsection (a) of this section for any individual described in section 1412(a)(1)(A) who does not make an election (not to participate) under section 1412(d)(1). Section 1412(c) also would provide that amounts by which basic pay is reduced under that subsection shall be deposited in the Veterans' Administration New GI Bill Educational Assistance Fund.

Section 103—Establishment of new GI bill educational assistance fund

Subsection (a) of section 103 would add a new section 1437 at the end of chapter 30 of title 38, United States Code, as follows:

Subsection (a) of new section 1437 would (1) establish in the Treasury of the United States a fund to be known as the "Veterans' Administration New GI Bill Educational Assistance Fund;" (2) provide that amounts deposited in the Fund pursuant to sections 1411(b)(2) and 1412(c)(2) of title 38 shall be available for payments of entitlements earned under subchapter II of chapter 30 of title 38 (other than for entitlements established under section 1415(c)) and for refunds made under (proposed) section 1438 of such title; and (3) provide that amounts deposited in the Fund pursuant to sections 1411(b)(2) and 1411(c)(2) shall be in addition to amounts that are available under section 1435(b)(1) of title 38.

Subsection (b) of new section 1437 would require, in paragraph (1), that the Secretary of the Treasury invest a portion of the Fund that is not required to meet current obligations, as determined by the Administrator of Veterans' Affairs, in obligations of the United States or in obligations guaranteed as to principal and interest by the United States. Paragraph (2) of such new subsection would provide that such obligations shall have maturities suitable to the needs of the Fund, as determined by the Administrator, and shall bear interest at rates determined by the Secretary of the Treasury. Paragraph (3) of such new section would provide that the income on such investments shall be credited to and form a part of the Fund.

Subsection (b) of section 103 would amend the table of sections at the beginning of chapter 30 of title 38 to add the item: "1437. Veterans' Administration New GI Bill Educational Assistance Fund."

Section 104—Advisory committee amendments concerning new GI bill

Section 104 would amend section 1792 of title 38, United States Code, by adding a reference to chapter 30 of title 38 to the list of chapters to which references are made in subsections (a) and (b) of such section (relating to the educational assistance advisory committee's jurisdiction) and by striking out a reference in subsection (a) to "an advisory committee" and inserting in lieu thereof a reference to "a Veterans' Advisory Committee on Education."

Section 105—Program administration of new GI bill

Section 105 would amend section 1434 of title 38, United States Code, concerning administration of the New GI Bill program.

Clause (1) of section 105. Amends section 1434(a) by striking out in the parenthetical material contained therein "1786, 1787, and 1792" and inserting in lieu thereof "1780(c), 1780(g), 1786 and 1787." As a result, section 1792 of title 38 would become applicable to the provision of educational assistance under chapter 30 of title 38 and sections 1780(c) and 1780(g) would expressly be made inapplicable to the administration of chapter 30.

Clause (2) of section 105. Amends section 1434(b) by substituting new language therefor, as follows:

Subsection (b) of section 1434, as amended, would provide that the Administrator may, by regulation, determine and define enrollment in, pursuit of, and attendance at, any program of education by an individual enrolled in or pursuing a program of education under chapter 30 for any period for which the individual receives educational assistance under that chapter. It also authorizes the Administrator, subject to such reports and proof as the Administrator may require to show an individual's enrollment in and satisfactory pursuit of such individual's program, to withhold payment of benefits to such individual until the required proof is received and the amount of the payment is appropriately adjusted.

Section 106—Bar to duplication of benefits

Section 106 would amend section 1433(c) of title 38, United States Code, to provide that an individual who serves in the Selected Reserve may not receive credit for such service under both the educational assistance program established in chapter 30 of title 38 and the program established in chapter 106 of title 10, United States Code. Such individuals would be required to elect the program to which such service is to be credited.

Section 107—Flight training under the new GI bill

Subsection (a) of section 107 would amend section 1434 of title 38, United States Code, to authorize pursuit of flight training under chapter 30 of such title.

Clause (1) of subsection (a). Amends section 1434(a) by inserting "(with the exception of subsection (b))" after "1673", thus making section 1673(b) of title 38 inapplicable to the administration of benefits under chapter 30 of such title.

Clause (2) of subsection (a). Redesignates current subsection (c) of section 1434 as subsection (d).

Clause (3) of subsection (a). Adds a new subsection (c), as follows:

New subsection (c) of section 1434 would authorize the Administrator to approve the pursuit of flight training under chapter 30 if certain conditions are met. Such training must be (1) offered by an institution of higher learning for credit toward a standard college or university degree; (2) generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation; or (3) generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation. In addition, the individual pursuing such training must possess a valid private pilot's license

and meet the medical requirements necessary for a commercial pilot's license. Finally, the flight school must meet Federal Aviation Administration standards and be approved by the State approving agency.

Subsection (b) of section 107 would amend section 1432 of title 38, United States Code, by adding a new subsection (d) following the new subsection (c) added by section 101(b) of the Act, as follows:

New subsection (d) of section 1432 would provide that the educational assistance allowance payable to an individual pursuing an approved program consisting exclusively of flight training under chapter 30 will be computed at the rate of 75 percent of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same flight course are required to pay. New subsection (d) would require monthly certifications from the individual and the institution as to actual flight training received and the cost of such training during each month, before the VA would make any payment of educational assistance allowance. New subsection (d) further specifies that an individual's entitlement will be charged one month for each payment of an educational assistance allowance that equals the total monthly allowance which the individual is eligible to receive under subsection (a)(1), (b)(1), or (c) of section 1415 of title 38, as the case may be.

Section 108—Refunds of contributions under the new GI bill

Subsection (a) of section 108 would amend chapter 30 of title 38, United States Code, by adding at the end thereof a new section 1438, to follow new section 1437 as added by section 103 of the Act, as follows:

Subsection (a) of new section 1438 would authorize the Administrator to refund to an individual an amount equal to amounts withheld from such individual's basic pay pursuant to section 1411(b) or 1412(c) of title 38, if such individual has not been paid any educational assistance allowance under section 1414 of title 38 and if the individual files an application with the Administrator for such refund during the 12-month period beginning 5 years after the date of his or her last discharge or release from active duty.

Subsection (b) of new section 1438 establishes an order for the payment of a refund to an individual's survivors or estate should such individual die before receiving an allowance under section 1414 of title 38.

Subsection (c) of new section 1438 provides that the amount of any refund under this section will be equal to the amount reduced from the individual's pay under section 1411(b) or 1412(c) of title 38.

Subsection (d) of new section 1438 provides that an individual to whom a refund is made under this section shall not be entitled to educational assistance under chapter 30 of title 38 on and after the date of the refund.

Subsection (b) of section 108 would amend the table of sections at the beginning of chapter 30 of title 38 by adding "1438. Refunds." after the item added by section 103 of this Act.

Section 109—Technical and clerical amendments

Paragraph (1) of section 109 would make technical and clerical amendments to section 1411(a) of title 38 United States Code, to clarify that eligibility for chapter 30 benefits based on section 1411(a)(1)(A)(ii)(II) of 1411(a)(1)(B)(ii)(II) of title 38 requires "continuous" active duty.

Paragraph (2) of section 109 would make technical amendments to section 1412 of title 38 United States Code.

Paragraph (3) of section 109 would amend section 1413 of title 38 United States Code, to clarify the period of service upon which the computation of chapter 30 entitlement is based.

Clause (A) of paragraph (3). Amends section 1413(a)(2) to clarify that, in the case of an individual whose eligibility for chapter 30 benefits is based on discharge or release from active duty for a service-connected disability or for hardship, the duration of such individual's entitlement to educational assistance under chapter 30 will be based on the number of months of active duty performed by such individual after the beginning date of the period for which a reduction in such individual's basic pay occurs, in the case of an individual whose pay is reduced pursuant to section 1411(b) of title 38, or the number of months of active duty performed after June 30, 1985, in the case of an individual whose eligibility under chapter 30 is based in part on chapter 34 eligibility.

Clause (B) of paragraph (3). Amends section 1413(b) to clarify that the duration of entitlement for individuals whose eligibility for chapter 30 benefits is based on section 1412 of title 38 will be based on the number of months of active duty and reserve duty performed after the beginning date of the period for which a reduction in such individual's basic pay occurs, in the case of an individual whose pay is reduced pursuant to section 1412(c) of title 38, or the number of months of active duty and reserve duty performed after June 30, 1985, in the case of an individual whose eligibility under chapter 30 is based in part on chapter 34 eligibility.

Paragraph (4) of section 109 would amend section 1416 of title 38 United States Code, to clarify the period of service which must be completed for an otherwise eligible individual to be permitted to receive educational assistance under the inservice enrollment provisions of chapter 30, and to clarify that, in the case of an individual whose eligibility is based in part on chapter 34 eligibility, inservice enrollment is only permitted after December 31, 1989.

Paragraph (5) of section 109 would make technical amendments to section 1421 of title 38, United States Code, to clarify that, as to the additional years of either active duty or combined active duty and reserve service necessary for an individual to qualify for supplemental educational assistance under chapter 30, such active duty service must occur immediately after the period of active duty establishing the individual's eligibility for basic educational assistance and such reserve service immediately after the requisite reserve service qualifying the individual for basic educational assistance.

Paragraph (6) of section 109 would make a clerical amendment to section 1421(c)(1) of title 38, United States Code, to remove a gender reference.

Paragraph (7) of section 109 would make technical and clerical amendments to section 1431 of title 38, United States Code.

Subparagraphs (A) and (B)(i), (ii), and (iii) of paragraph (7) make technical amendments to section 1431 (a) and (b).

Subparagraph (B)(iv) of paragraph (7) deletes a portion of the language of current section 1431(b) relating to the administrator's authority to make certain determinations regarding the conditions under which an individual's discharge or release occurred. This action would correct an apparent inconsistency between section 1431(b) and sections 1411(a)(3) and 1412(a)(3) of title 38.

Subparagraph (C) of paragraph (7). Corrects a clerical error in section 1431(c)(2).

Paragraph (8) of section 109 would amend section 1433(a) of title 38, United States Code, to prohibit concurrent receipt of chapter 30 benefits and benefits under chapters 31, 32, or 35 of title 38, chapters 106 or 107 of title 10, or the Hostage Relief Act of 1980.

Paragraph (9) of section 109 would make a minor technical amendment to section 1435(b)(2) of title 38, United States Code.

Paragraph (10) of section 109 would amend section 1781(b) of title 38, United States Code, to prohibit concurrent receipt of benefits under two or more of the laws listed therein. (Under current section 1781(b), concurrent receipt of benefits under more than one of the laws listed therein for pursuit of different programs of education is permissible.) It would also add chapter 106 of title 10, United States Code, to such list.

Paragraph (11) of section 109 would make a technical amendment to section 3013 of title 38, United States Code, to add chapter 30 of title 38 to the list of chapters to which disability compensation award effective date provisions apply for educational assistance purposes.

Paragraph (12) of section 109 would amend section 3013A(b)(3) of title 38, United States Code, to provide that the minimum active duty service requirements contained in section 3103A(b)(1) shall not apply to benefits under chapter 30 of title 38 in the case of an individual entitled to benefits under such chapter by reason of section 1411(a)(1)(A)(ii)(II) (discharge from active duty for the convenience of the Government after completing at least 20 months of service if the initial period of obligated service is less than 3 years).

TITLE II—REVISIONS OF SELECTED RESERVE PROGRAM

Section 201—Definition of program of education

Subsection (a) of section 201 would amend section 2131(c)(1) of title 10, United States Code, to provide that educational assistance may be provided under chapter 106 of title 10 only for pursuit of a program of education that is approved for the purposes of chapter 30 of title 38, and that assistance under chapter 106 of title 10 may not be provided to any person with respect to postgraduate courses of education leading to a postgraduate degree after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion of study.

Subsection (b) of section 201 would amend section 2131 of title 10 to limit the amount of educational assistance payable for pursuit of apprenticeship or on-job training under chapter 106 of that title.

Clause (1) of subsection (b). Amends section 2131(b) of title 10 by adding at the beginning of such section the qualifying phrase "Except as provided in subsections (d) and (e)."

Clause (2) of subsection (b). Adds a new subsection (d) to section 2131 of title 10, as follows:

New subsection (d) of section 2131 would limit the amount of educational assistance payable to an individual pursuing a program of apprenticeship or on-job training under chapter 106 of title 10 in the same manner as new section 1432(c) of title 38, as added by section 101(b) of the Act.

Section 202—Program administration

Section 202 would amend section 2136 of title 10, United States Code, to clarify certain program administration provisions applicable to chapter 106 of title 10.

Clause (1) of section 202. Amends section 2136(b) by inserting references to sections 1780(c) and 1780(g) of title 38, United States Code, after "1780(b)" in the parenthetical material contained therein, thus rendering those sections on certification of attendance, enrollment, and pursuit inapplicable to the administration of chapter 106 of title 10.

Clause (2) of section 202. Amends section 2136 by adding at the end thereof a new subsection (c), as follows:

New subsection (c) of section 2136 would authorize the Administrator of Veterans' Affairs to prescribe, determine, and define enrollment in, pursuit of, and attendance at, any program of education by an individual enrolled in and pursuing a program of education under chapter 106 of title 10, and to withhold payment of benefits pending confirmation of such enrollment and pursuit, in the same manner as would be provided under section 1434(b) of title 38, United States Code, as amended by section 105 of the Act.

Section 203—Flight training

Subsection (a) of section 203 would amend section 2136 of title 10, United States Code, to authorize flight training under chapter 106 of that title.

Clause (1) of subsection (a). Amends section 2136(b) by inserting "(with the exception of subsection (b))" after "1673", thus making section 1673(b) of title 38, United States Code, inapplicable to the administration of benefits under chapter 106 of title 10.

Clause (2) of subsection (a). Adds a new subsection (d) to section 2136 to follow new subsection (c) as added by section 202 of the Act, as follows:

New subsection (d) of section 2136 would authorize the Administration of Veterans' Affairs to approve the pursuit of flight training under chapter 106 of title 10, in the same manner as would be provided in new section 1434(c) of title 38, United States Code, as added by subsection (a) of section 107 of the Act.

Subsection (b) of section 203 would amend section 2131 of title 10, United States Code, by adding a new subsection (e) to follow new subsection (d), as added by section 201(b) of the Act, as follows:

New subsection (e) of section 2131 would provide for the computation of the educational assistance allowance payable to an individual pursuing a program consisting exclusively of flight training

under chapter 106 of title 10, and provide monthly certification requirements in the same manner as provided in new section 1432(d) of title 38, United States Code, as added by section 107(b) of the Act. Subsection (e) would further specify that an individual's entitlement will be charged one month for each \$140 paid to the individual as an educational assistance allowance.

Section 204—Time of completion of certain eligibility requirements

Section 204 would amend section 2132(a)(2) of title 10, United States Code, to provide that, in order to establish eligibility for educational assistance benefits under chapter 106 of title 10, an individual must have received his or her secondary school diploma (or equivalent) prior to completing the period of service specified in section 2132(a)(2) of title 10. Current section 2132(a) provides that such individual must have received a secondary school diploma (or equivalent) before completing his or her initial period of active duty for training.

Section 205—Technical and clarifying amendments

Subsection (a) of section 205 would amend section 2131(b) of title 10, United States Code, by adding a new paragraph (4) at the end thereof, as follows:

New paragraph (4) of subsection (b) of section 2131 would authorize the Administrator of Veterans' Affairs to prescribe, by regulation, an appropriately reduced rate of payment of educational assistance allowance in the case of an individual pursuing a program of education under chapter 106 of title 10 on less than a half-time basis. Under current law, no provision is made for payment of an assistance allowance based on less than half-time course pursuit.

Subsection (b) of section 205 would amend section 2131(c)(2) of title 10 by adding at the end thereof "(or the equivalent thereof in part-time educational assistance)" to clarify that an individual's entitlement will be charged at a proportionately reduced rate if such individual is pursuing a program of education on less than a full-time basis.

Subsection (c) of section 205 would amend section 2132(d) of title 10 to prohibit crediting the same Selected Reserve service for purposes of establishing eligibility under both chapter 106 of title 10 and chapter 30 of title 38, providing instead for an election in the same manner as would be provided in section 1433(c) of title 38, as amended by section 106 of the Act.

Subsection (d) of section 205 would amend section 2133 of title 10, United States Code, concerning time limitation on use of chapter 106 entitlement.

Clause (1) of subsection (d). Makes a minor technical correction to section 2133(a).

Clause (2) of subsection (d). Amends section 2133(b) of title 10 by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively, and by adding a new paragraph (1), as follows:

New paragraph (1) of subsection (b) would provide for an extension of an individual's delimiting period for use of benefits under chapter 106 of title 10 in the case of an individual who was separated from the Selected Reserve because of a disability (which was not the result of the individual's own willful misconduct) incurred on

or after the date the individual became entitled to educational assistance under such chapter. In such a case, the period of the individual's entitlement shall not be considered to have expired on the date of separation from the Selected Reserve, as would otherwise be the case under section 2133(a) of title 10.

Subsection (e) of section 205 would amend section 2132(c) of title 10, United States Code, by adding at the end thereof a provision requiring the Secretary of Defense to transmit to the Administrator of Veterans' Affairs, upon request, a notice of entitlement for each person eligible for assistance under chapter 106 of title 10.

Subsection (f) of section 205 would amend section 2135(a)(1) and (b)(1)(A) of title 10, United States Code, to clarify and make technical corrections to provisions therein relating to the imposition of a penalty by the Secretary concerned, as well as provisions relating to the refund of assistance benefits paid under chapter 106 of title 10, in the case of an individual who fails to participate satisfactorily in the Selected Reserve.

OVERSIGHT FINDINGS

On November 19 and 21, 1985, and May 27, 1986, the Subcommittee on Education, Training and Employment held oversight hearings on the New GI Bill and H.R. 3747, amended. At these hearings, it was confirmed that the new educational assistance program for active duty servicemembers and members of the National Guard and Selected Reserve is an efficient recruitment and retention device. Witnesses indicated, however, that modest changes in the program would enhance the New GI Bill and maximize its effectiveness.

No oversight findings have been submitted to the committee by the Committee on Government Operations.

BUDGET STATEMENT

As required by the Rules of the House, the following letters were received from the Congressional Budget Office concerning the cost of H.R. 3747:

U.S. CONGRESS
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C. August 13, 1986.

Hon. G.V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for H.R. 3747, the Veterans' Education Amendments of 1986 as ordered reported by the Committee on Veterans' Affairs on July 29, 1986. The bill would improve veterans' education benefits under the All-Volunteer Force Educational Assistance Program and would terminate the Post-Vietnam Era Veterans' Educational Assistance program.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER, *Director.*

CONGRESSIONAL BUDGET OFFICE—COST ESTIMATE

AUGUST 13, 1986.

1. Bill number: H.R. 3747.
2. Bill title: Veterans' Education Amendments of 1986.
3. Bill status: As ordered reported by the Committee on Veterans' Affairs on July 29, 1986.
4. Bill purpose: To amend title 38, United States Code and title 10, United States Code, to improve veterans' education benefits and for other purposes.
5. Estimated cost to the Federal Government:

(By fiscal year, in millions of dollars)

	1986	1987	1988	1989	1990	1991
Function 050:						
Budget authority	0	6	4	-11	-48	-62
Outlays	0	6	4	-11	-48	-62
Function 700:						
Budget authority	3	186	147	8	-104	7
Outlays	3	23	25	92	143	184
Function 950:						
Budget authority	0	-6	-4	-4	-3	0
Outlays	0	-6	-4	-4	-3	0
Total:						
Budget authority	3	186	147	-7	-155	-55
Outlays	3	23	25	77	92	122

BASIS OF ESTIMATE

Title I

Section 101. This section would provide for educational assistance for apprenticeship and on-the-job training under the All-Volunteer Force Educational Assistance Program (New GI bill).

It is not expected that this provision would result in significant additional cost to the Federal Government. Because servicemembers must make the choice to participate immediately upon entering the service, it is reasonable to assume that servicemembers are electing to participate based on the expected value of educational benefits without regard to the type of training available. The number of servicemembers making contributions is not expected to change with the availability of apprenticeship or on-the-job training.

Section 102, Section 103 and Section 108. Section 102 would allow servicemembers to spread the \$1,200 contribution, required for participation in the New GI bill, over 24 months. Currently, contributions of \$100 a month are required for the first 12 months of enlistment. Section 103 would establish a designated fund in the Treasury to receive the contributions. Under current law, contributions are received by the Treasury and are offset against the total Veter-

ans' Administration (VA) budget for that fiscal year. Section 108 would introduce the refunding of contributions between the fifth and sixth year after discharge for servicemembers who have not used any of their entitlement.

(By fiscal year, in millions of dollars)

	1986	1987	1988	1989	1990	1991
Function 700:						
Veterans' Administration New GI Bill Educational Assistance						
Fund:						
Budget authority.....	0	160	147	71	2	0
Outlays.....	0	1	8	33	94	2
Readjustment Benefits:						
Budget authority.....	0	(¹)	-8	-33	-89	7
Outlays.....	0	(¹)	-8	-33	-89	7
Contributions:						
Budget authority.....	3	21	4	-35	-21	0
Outlays.....	3	21	4	-35	-21	0
Total:						
Budget authority.....	3	181	143	4	-108	7
Outlays.....	3	21	4	-35	-16	9

¹ Less than \$500,000

Under section 102 a servicemember could elect to spread the required contributions of \$50 a month for 24 months. According to the Department of Defense, a \$100 per month contribution is perceived by incoming servicemembers as a considerable sum and is a detriment to participation in the program. CBO assumed that lowering the required contribution to \$50 per month for 24 months would result in an increase in participation and contributions of 10 percent. A corresponding increase in training outlays would occur starting in 1990 when these servicemembers would separate from the service and begin to train. Costs are shown for 1986 because some persons, anticipating the availability of lower monthly contributions and refunds, would delay entry into the service until after October 1, 1986, the assumed enactment date of this bill.

Although overall contributions would increase with the increase in participation, normally resulting in a reduction in outlays, allowing the contributions to be spread over a longer period results in an initial increase in outlays. Contributions from members entering the service after October 1, 1986, that under current law would have been received in 1987, would not be made until 1988. The loss of contributions in 1987 results in an increase in outlays in 1987. CBO assumed that 60 percent of servicemembers would elect to spread contributions over 24 months.

A new account with direct spending authority would be created for the Veterans' Administration New GI Bill Educational Assistance Fund under section 103. The budget authority would consist of income to the fund (contributions) plus interest earned on available balances. To the extent that funds are available, the \$300 basic benefit would be paid out of the VA New GI Bill Educational Assistance Fund. Establishing this fund would allow the VA to reduce in the future the budget authority request for the Readjustment Benefits account by the amount of benefits that the Fund

could pay. Any remaining obligations would be paid out of the Readjustment Benefits account.

The large increase in budget authority, \$187 million in 1987, is mostly a result of the change to a direct spending fund, that accumulates funds in advance, from an account operating on a "pay-as-you-go" basis. Under current law, the VA requests appropriations to pay benefits through the Readjustment Benefits account in the year that training is expected to occur.

Veterans who are eligible for but have not used any entitlement under the new GI bill, could request refunds between the fifth and sixth year of discharge. Once a refund is obtained a veteran may not re-enroll in the program. An increase in contributions of 5 percent is expected to occur under this provision. An increase in training outlays is expected starting in 1990 when the additional servicemembers separate from the service and some begin to train. For persons entering the service after October 1, 1987, refunds would not start until the mid-1990's. Any refunds granted would increase outlays. Refunds for the Vietnam-Era Veterans Educational Assistance program (VEAP) historically have been approximately one third of contributions. Under VEAP, however, the refunds are likely to be more since the maximum contribution is higher, refunds are available much sooner, and the decision to dis-enroll is not irrevocable. Refunds under this proposal would, therefore, likely be smaller than under the VEAP program.

Section 107. This bill would allow individuals who are entitled to basic educational assistance under the New GI bill, who have a private pilot's license and who meet the medical requirements necessary for a commercial pilot's license to pursue flight training at approved institutions. The training must be approved by the Veterans' Administration as necessary for the pursuit of work in the field of aviation. A flight trainee under the new GI bill would be reimbursed at 75 percent of the established charges for tuition and fees but would have their entitlement charged at the rate of one month for every \$300 paid as educational assistance. No significant increase in participation is expected to result from the availability of flight training. Incoming servicemembers are assumed to make the decision to remain enrolled in the program based on the availability in the future of education benefits in general.

Section 109. Under current law, the Post Vietnam-Era Veterans' Educational Assistance program (VEAP) is suspended until June 30, 1988 while the New GI bill is in effect. After this date, under current law, new entries into the service would only be able to elect the VEAP program if they wanted to participate in an education benefits program.

This section would not allow the VEAP program to accept new entries starting in the last quarter of fiscal 1988, as scheduled under current law. The New GI bill is still scheduled to expire on June 30, 1988. After June 30, 1988 no educational benefits for new entries into the service would be available.

(By fiscal year, in millions of dollars)

	1986	1987	1988	1989	1990	1991
Function 700:						
Post Vietnam-Era Veterans' Education Account:						
Budget authority	0	0	-18	-146	-203	-232
Outlays	0	0	0	-22	-46	-59
Payments from Department of Defense:						
Budget authority	0	0	0	15	51	62
Outlays	0	0	0	15	51	62
Deductions from Military Pay:						
Budget authority	0	0	18	131	152	170
Outlays	0	0	18	131	152	170
Function 050:						
Payments to Post Vietnam-Era Veterans' Education Account:						
Budget authority	0	0	0	-15	-51	-62
Outlays	0	0	0	-15	-51	-62
Total:						
Budget authority	0	0	0	-15	-51	-62
Outlays	0	0	18	109	106	111

This proposal would limit eligibility for educational assistance under VEAP to individuals who entered the service after December 31, 1976 and before July 1, 1985. Since a large number of VEAP enrollees have not even begun to use training benefits, outlays for training and refunds could conceivably continue to occur for almost 30 years. Contributions for persons entering this period would continue to accumulate, tapering off to less than a million sometime in the mid-1990's.

Title II

Section 201. This section would allow members of the Selected Reserve to receive benefits for on-the-job and apprenticeship training. Benefits for the Selected Reserve are \$140 per month and are funded by the Department of Defense. Contributions are not required to participate. Including on-the-job and apprenticeship training under the New GI bill is expected to increase the number of trainees by approximately five percent.

(By fiscal year, in millions of dollars)

	1986	1987	1988	1989	1990	1991
Function 700:						
Educational Benefits Fund:						
Budget authority	0	6	4	4	4	1
Outlays	0	2	3	3	2	2
Function 050:						
Payments to Educational Benefits Fund:						
Budget authority	0	6	4	4	3	0
Outlays	0	6	4	4	3	0
Function 950:						
(Spending Receipts)						
Budget authority	0	-6	-4	-4	-3	0
Outlays	0	-6	-4	-4	-3	0
Total:						
Budget authority	0	6	4	4	4	1
Outlays	0	2	3	3	2	2

¹ Less than \$100,000.

Section 203. This bill would allow members of the Selected Reserve who are entitled to basic educational assistance under the new GI bill, who have a private pilot's license and who meet the medical requirements necessary for a commercial pilot's license to pursue flight training at approved institutions. The training must be approved by the Veterans' Administration as necessary for the pursuit of work in the field of aviation. A flight trainee, under this bill, would be reimbursed at 75 percent of the established charges for tuition and fees but would have their entitlement charged at the rate of one month for every \$140 paid as educational assistance. The added cost to the Federal Government for this section is expected to be insignificant. The number of members expected to be eligible for and to pursue flight training in any given fiscal year is small.

6. Estimated cost to State and local Government: The Congressional Budget Office has determined that the budgets of state and local governments would not be directly affected by enactment of this bill.

7. Estimate comparison: None.

8. Previous CBO estimate: On March 12, 1986, CBO prepared an estimate of H.R. 3747 as ordered reported by the Subcommittee on Education, Training and Employment of the Committee on Veterans' Affairs. The bill was ordered reported by the full committee with no further amendments.

9. Estimate prepared by: Marianne Deignan.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 28, 1986.

Hon. G. V. MONTGOMERY,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: In response to a request from your staff, I would like to clarify a point made in the CBO cost estimate of H.R. 3747, the Veterans' Education Amendments of 1986, as ordered reported by the Subcommittee on Education, Training, and Employment of your committee on February 19, 1986.

Section 103 of that bill would establish a trust fund in budget function 700 (Veterans' Benefits and Services) that would receive the contributions to the All-Volunteer Force Educational Assistance Program made by participating servicemembers from their pay. Under current law, these contributions are deposited in the miscellaneous receipts of the Treasury and are credited to function 700 as an offsetting receipt. While the change would result in an increase in budget authority of \$160 million in fiscal year 1987, it would have no effect on the federal deficit.

As miscellaneous receipts of the Treasury, the servicemembers' contributions do not create any new budget authority. When participating servicemembers begin their training under the program, Congress will be required to appropriate funds to cover the total cost to the VA of their training benefits, including that portion of benefits contributed by the servicemember.

If section 103 is enacted, however, all contributions deposited in the fund would automatically generate budget authority for the fund. The authority to pay out the contributed portion of the benefits would accumulate in the trust fund as the contributions are deposited, and no appropriation would be needed to obligate these funds for benefit payments. Thus, while section 103 would create new budget authority in the near term, it would reduce by an equivalent amount future requirements for appropriated budget authority; and it would leave outlays—the actual payment of training benefits to veterans—and the federal deficit completely unchanged.

If you have any further questions on this issue, please call me or have members of your staff contact Nina Shepherd or Marianne Deignan (226-2820).

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, DC, August 4, 1986.

Hon. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This report responds to your request for the views of the Department of Defense on an amendment in the nature of a substitute to H.R. 3747, "Veterans' Education Amendments of 1986."

The Department of Defense is strongly opposed to the provision of H.R. 3747 which would permanently close the Veterans' Educational Assistance Program. The closure of the Veterans' Educational Assistance Program would leave the Department with no educational benefit for recruiting after the end of the new GI bill test program in July 1988. As the Administration is committed to the resumption of the Veterans' Educational Assistance Program at that time, permanent closure of the program would be highly objectionable.

The Department of Defense also does not support expansion of the New GI Bill education benefits program. Therefore, the provisions in H.R. 3747 which serve to increase the pool of eligible members or enhance the program are not acceptable. However, we would favor the provisions for technical and clerical changes, so that eligibility criteria would be clarified and the Veterans' Administration would be able to administer the program more efficiently.

The Department of Defense has gone on record in support of re-funds to participating members who elect not to receive benefits. This position was affirmed by the Administration in the New GI Bill Report sent to the Congress on March 28, 1986.

We do not believe that there will be a significant increase in benefit utilization because of the proposed changes. However, because of the accrual budgeting techniques used and because of an absence of experience in this type of educational program, it would be extremely difficult to identify specific costs, if any.

The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this report for the consideration of the Committee.

Sincerely,

H. LAWRENCE GARRETT III.

INFLATIONARY IMPACT STATEMENT

The reported bill provides a modest expansion in the availability of courses of study. This change will have little, if any, inflationary impact.

AGENCY REPORTS

The committee received the following views from the Veterans' Administration and the Department of Defense and Department of the Navy regarding the reported bill:

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington DC, August 21, 1986.

HON. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to provide the views of the Veterans' Administration on H.R. 3747, 99th Congress, a bill "to improve veteran's education benefits, and for other purposes."

On July 29, 1986, your Committee ordered favorably reported H.R. 3747, the "Veterans' Education Amendments of 1986," as amended by the Subcommittee on Education, Training and Employment. The bill contains two titles: title I, comprised of 10 sections making revisions to the New GI Bill program under chapter 30 of title 38, United States Code, and amending the contributory education program under chapter 32 of the same title (VEAP); and title II, comprised of five sections revising the Selected Reserve program under chapter 106 of title 10, United States Code.

As ordered reported, H.R. 3747 would: (1) authorize educational assistance under chapter 30 for apprenticeship/on-job training and flight training; (2) provide an alternate basic pay reduction schedule for chapter 30 participants; (3) authorize the Administrator to make refunds to participants electing not to receive benefits under chapter 30; (4) establish the "Veterans' Administration New GI Bill Educational Assistance Fund" to be used by the Administrator in making payments under chapter 30 and in making refunds to chapter 30 participants; (5) expand the scope of the Veterans' Advisory Committee on Education to include chapter 30; (6) clarify existing provisions in chapters 30 and 106 regarding duplication of benefits; (7) expand the scope of educational pursuit permitted under chapter 106, including authorization to pursue flight training; (8) make

various technical and clerical amendments in both chapters 30 and 106, including revision of certain program administration provisions; and (9) permanently limit eligibility for educational assistance under the Post-Vietnam Era Veterans' Educational Assistance Program (VEAP) to individuals who entered the Armed Forces after December 31, 1976, and before July 1, 1985 (in lieu of suspending new program enrollments between June 30, 1985, and July 1, 1988).

We defer to the views of the Department of Defense, as expressed in its report on H.R. 3747, objecting to the provisions that close VEAP (section 109) and expand and enhance the New GI Bill (sections 101, 102, 107, 201, 203, 204, and 205(a)). In particular, we would like to comment on the sections providing flight training. Our experience with administering the GI Bill (chapter 34) and VEAP (chapter 32), with regard to flight training, has shown that such training does not lead to jobs for a majority of trainees. A General Accounting Office (GAO) report, *G.I. Benefits for Flight and Correspondence Training Should Be Discontinued*, HRD 79-115, supported a VA proposal, ultimately enacted as part of Public Law 97-35, to terminate flight training and correspondence training because these programs had not met their intended purposes and had not led to continuing substantial employment of trainees. We find no reason to believe that current conditions would alter such finding so as to warrant flight training under either chapter 30 or chapter 106. Thus, we would oppose enactment of sections 107 and 203 of H.R. 3747, as ordered reported.

We would have no objection to the other substantive changes proposed by this bill and believe that the proposed technical and clerical amendments are appropriate and will assist us in the administration of the chapter 30 and chapter 106 programs.

Several of the provisions in H.R. 3747 would significantly increase Federal expenditures. The change in contribution schedule and refund provisions are likely to increase participation in the program and, therefore, would have significant long-term costs beyond 1991.

Advice has been received from the Office of Management and Budget that there is no objection to the presentation of this report on H.R. 3747 from the standpoint of the Administration's program.

Sincerely,

THOMAS K. TURNAGE, *Administrator.*

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, DC, August 7, 1986.

HON. G.V. (SONNY) MONTGOMERY,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, DC

DEAR MR. CHAIRMAN: Thank you for your recent letter requesting the views of the Department of the Navy on H.R. 3747, "Veterans' Education Amendments of 1986".

The Department of the Navy supports H.R. 3747 which makes the GI Bill less restrictive and thus more attractive to the participant. One concern, however, is the denial of a refund to a deceased

veteran's survivors if any of the educational assistance entitlement was utilized. Although we do not object to denying refunds to veterans who begin educational programs and then voluntarily withdraw, we believe this rationale should not be applied to individuals who die after starting a course of study. Denial of a refund under such circumstances constitutes a windfall to the program at the expense of the deceased veteran's survivors.

We estimate that additional approved programs of education under the Reserve GI Bill (Chapter 106, Title 10) would cost less than \$1 million in any fiscal year. We defer to the Veterans' Administration for cost estimates associated with the basic entitlement program (Chapter 30, Title 38).

Sincerely,

CHASE UNTERMAYER,
Assistant Secretary of the Navy
(Manpower and Reserve Affairs)

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

.

PART III—READJUSTMENT AND RELATED BENEFITS

.

CHAPTER 30—ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE PROGRAM

.

SUBCHAPTER IV—TIME LIMITATION FOR USE OF ELIGIBILITY AND ENTITLEMENT; GENERAL AND ADMINISTRATIVE PROVISIONS

1431. Time limitation for use of eligibility and entitlement.

1432. [Limitation] *Limitations on educational assistance for certain individuals.*

.

1437. *Veteran's Administration New GI Bill Educational Assistance Fund.*

1438. *Refunds.*

.

Subchapter I—Purposes; Definitions

.

§ 1402. Definitions

For the purposes of this chapter—

(1) . . .

[(3) The term "program of education" has the meaning given such term in section 1652(b) of this title.]

(3) The term "program of education"—

(A) has the meaning given such term in section 1652(b) of this title, and

(B) includes a full-time program of apprenticeship or of other on-job training approved as provided in clause (1) or (2), as appropriate, of section 1787(a) of this title.

(7) the term "training establishment" has the meaning given such term in section 1652(e) of this title.

Subchapter II—Basic Educational Assistance

§1411. Basic educational assistance entitlement for service on active duty

(a) Except as provided in subsection (c) of this section, each individual—

(1) who—

(A) during the period beginning on July 1, 1985, and ending on June 30, 1988, first becomes a member of the Armed Forces or first enters on active duty as a member of the Armed Forces and—

(i) . . .

(ii) who serves in the Armed Forces and is discharged or released from active duty (I) for a service-connected disability or for hardship, or (II) for the convenience of the Government, in the case of an individual who completed not less than 20 months of continuous active duty, if the initial obligated period of active duty of the individual was less than three years, or in the case of an individual who completed not less than 30 months of continuous active duty if the initial obligated period of active duty of the individual was at least three years; or

(B) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title and—

(i) after June 30, 1985, serves at least three years of continuous active duty in the Armed Forces; or

(ii) after June 30, 1985, is discharged or released from active duty (I) for a service-connected disability or for hardship, or (II) for the convenience of the Government if the individual completed not less than 30 months of continuous active duty after that date;

[(b) The basic pay of any individual described in subsection (a)(1)(A) of this section who does not make an election under subsection (c)(1) of this section shall be reduced by \$100 for each of the first 12 months that such individual is entitled to such pay.

Amounts withheld from basic pay under this subsection shall revert to the Treasury.]

(b)(1) *The basic pay of any individual described in subsection (a)(1)(A) of this section who does not make an election under subsection (c)(1) of this section shall be reduced by—*

(A) \$100 for each of the first 12 months that the individual is entitled to such pay; or

(B) \$50 for each of the first 24 months that the individual is entitled to such pay,

as determined by the individual in accordance with regulations which the Secretary concerned shall prescribe.

(2) Amounts by which basic pay is reduced under this subsection shall be deposited in the Veterans' Administration New GI Bill Educational Assistance Fund established under section 1437 of this title.

.

§ 1412. Basic educational assistance entitlement for service in the Selected Reserve

(a) Except as provided in subsection [(c)] (d) of this section, each individual—

(1) . . .

(b)(1) The requirement of four years of service under clauses (1)(A)(ii) and (1)(B)(ii) of subsection (a) of this section is not applicable to an individual who is discharged or released from service in the Selected Reserve for a service-connected disability, for hardship, or (in the case of an individual discharged or released after three and one-half years of such service) for the convenience of the Government.

.

[(c) The basic pay of any individual described in subsection (a)(1)(A) of this section who does not make an election under subsection (d)(1) of this section shall be reduced by \$100 for each of the first 12 months that such individual is entitled to such pay. Amounts withheld from basic pay under this paragraph shall revert to the Treasury.]

(c)(1) *The basic pay of any individual described in subsection (a)(1)(A) of this section who does not make an election under subsection (d)(1) of this section shall be reduced by—*

(A) \$100 for each of the first 12 months that individual is entitled to such pay; or

(B) \$50 for each of the first 24 months that the individual is entitled to such pay,

as determined by the individual in accordance with regulations which the Secretary concerned shall prescribe.

(2) Amounts by which basic pay is reduced under this subsection shall be deposited in the Veterans' Administration New GI Bill Educational Assistance Fund established under section 1437 of this title.

.

§ 1413. Duration of basic educational assistance

(a)(1) . . .

(2) In the case of an individual described in section 1411(a)(1)(A)(ii)(I) of this title who is not also described in section 1411(a)(1)(A)(i) of this title or an individual described in section 1411(a)(1)(B)(ii)(I) of this title who is not also described in section 1411(a)(1)(B)(i) of this title, the individual is entitled to one month of educational assistance benefits under this chapter for each month of active duty served by such individual *after the date of the beginning of the period for which the individual's basic pay is reduced under section 1411(b) of this title, in the case of an individual described in section 1411(a)(1)(A)(ii)(I) of this title, or after June 30, 1985, in the case of an individual described in section 1411(a)(1)(B)(ii)(I) of this title.*

(b) Subject to section 1795 of this title and subsection (c) of this section, each individual entitled to basic educational assistance under section 1412 of this title is entitled to (1) one month of educational assistance benefits under this chapter for each month of active duty served by such individual *after the date of the beginning of the period for which such individual's basic pay is reduced under section 1412(c) of this title, in the case of an individual described in section 1412(a)(1)(A), or after June 30, 1985, in the case of an individual described in section 1412(a)(1)(B) of this title,* and (2) one month of educational assistance benefits under this chapter for each four months served by such individual in the Selected Reserve *after such date (other than any month in which the individual served on active duty after such date).*

§ 1416. Inservice enrollment in a program of education

[A member of the Armed Forces who has completed at least two years of service on active duty after June 30, 1985, has continued on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title), and who but for section 1411(a)(1) or 1412(a)(1) of this title would be eligible for basic educational assistance may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1411(a)(1) or 1412(a)(1) of this title.]

(a) A member of the Armed Forces who—

(1) first becomes a member or first enters on active duty as a member of the Armed Forces after June 30, 1985, and does not make an election under section 1411(c)(1) or section 1412(d)(1);

(2) completes at least two years of service on active duty after such date;

(3) after such service, continues on active duty or in the Selected Reserve without a break in service (except as described in section 1412(b)(2) of this title); and

(4) but for section 1411(a)(1)(A)(i)(I) or 1412(a)(1)(A)(ii) of this title would be eligible for basic educational assistance, may receive educational assistance under this chapter for enrollment in an approved program of education while continuing to per-

form the duty described in section 1411(a)(1)(A)(i) or 1412(a)(1)(A)(ii) of this title.

(b) A member of the Armed Forces who—

(1) as of December 31, 1989, is eligible for educational assistance benefits under chapter 34 of this title;

(2) after June 30, 1985, has served the two years required by section 1412(a)(1)(B)(i); and

(3) but for section 1412(a)(1)(B)(ii) of this title would be eligible for basic educational assistance, may, after December 31, 1989, receive educational assistance under this chapter for enrollment in an approved program of education while continuing to perform the duty described in section 1412(a)(1)(B)(ii) of this title.

Subchapter III—Supplemental Educational Assistance

§ 1421. Supplemental educational assistance for additional service

(a) The Secretary concerned, pursuant to regulations to be prescribed by the Secretary, may provide for the payment of supplemental educational assistance under this subchapter to any individual eligible for basic educational assistance under section 1411 of this title who—

(1) serves five or more consecutive years of active duty in the Armed Forces [in addition to] after the years of active duty counted under section 1411(a)(1) of this title without a break in such service; and

.

(b) The Secretary concerned, pursuant to regulations to be prescribed by the Secretary, may provide for the payment of supplemental educational assistance under this subchapter to any individual eligible for basic educational assistance under section 1412 of this title who—

(1) serves two or more consecutive years of active duty in the Armed Forces [in addition to] after the years of active duty counted under section 1412(a)(1) of this title and four or more consecutive years of duty in the Selected Reserve in addition to the years of duty in the Selected Reserve counted under such section without a break in service; and

.

(c) Continuity of service of a member in the Selected Reserve for purposes of subsection (b)(1) of this section shall not be considered to be broken—

(1) by any period of time (not to exceed a maximum period prescribed by the Secretary concerned by regulation) during which the member is not able to locate a unit of Selected Reserve of [his] the member's Armed Force that the member is eligible to join or that has a vacancy; or

.

Subchapter IV—Time Limitation for Use of Eligibility and Entitlements; General and Administrative Provisions

§ 1431. Time limitation for use of eligibility and entitlement

(a) Except as provided in subsections (b) through [(d)] (e) of this section, the period during which an individual entitled to educational assistance under this chapter may use such individual's entitlement expires at the end of the 10-year period beginning on (1) the date of such individual's last discharge or release from active duty, or (2) the last day on which such individual becomes entitled to such assistance, whichever is later.

(b) In the case of any eligible individual who has been prevented, as determined by the Administrator, from pursuing a program of education under [subchapter II or III of] this chapter within the 10-year period prescribed by subsection (a) of this section because such individual had not met the nature of discharge requirement of [such subchapter] *this chapter* before [(1)] the nature of such individual's discharge or release was changed by appropriate authority, [(or (2) with respect to educational assistance under subchapter II of this chapter, the Administrator determined, under regulations prescribed by the Administrator, that such discharge or release was under conditions described in section 1411(a)(3) or 1412(a)(3) of this title,] such 10-year period shall not run during the period of time that such individual was so prevented from pursuing such program of education.

.

(e)(1) . . .

(2) If an individual eligible for educational assistance under this chapter is enrolled under this chapter in an educational institution *not* regularly operated on the quarter or semester system and the period of such individual's entitlement under this chapter would, under this section, expire after a major portion of the course is completed, such period shall be extended to the end of the course or for 12 weeks, whichever is the lesser period of extension.

§ 1432. [Limitation] Limitations on educational assistance for certain individuals

(a) . . .

.

(c) *In any month in which an individual pursuing a program of education consisting of a program of apprenticeship or other on-job training fails to complete 120 hours of training, the amount of monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours.*

(d) *Each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 1434(c) of this title shall be paid an educational assistance allowance under this chapter to be computed at the rate of 75 per centum of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same*

flight course are required to pay. No educational assistance allowance for any month shall be paid to an individual under this chapter who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certificate from the individual and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month. In each case the period of entitlement of such individual shall be charged with one month for each payment of an educational assistance allowance to the individual for such course which is equal to the total amount of monthly educational assistance which the individual is eligible to receive under subsection (a)(1), (b)(1), or (c) of section 1415 of this title, as the case may be.

§ 1433. Bar to duplication of educational assistance benefits

(a)(1) An individual entitled to educational assistance under a program established by this chapter who is also eligible for educational assistance under a program under [chapter 31, 34, or 35 of this title or under chapter 106 or 107 of title 10 may not receive assistance under both programs] chapter 31, 32, or 35 of this title, under chapter 106 or 107 of title 10, or under the Hostage Relief Act of 1980 (Public Law 96-449; 5 U.S.C. 5561 note) may not receive assistance under two or more of such programs concurrently but shall elect (in such form and manner as the Administrator may prescribe) under which program to receive educational assistance.

[(c) An individual who is entitled to educational assistance under chapter 106 of title 10 may not also receive educational assistance under this chapter based on entitlement under section 1412 of this title.]

(c) An individual who serves in the Selected Reserve may not receive credit for such service under both the program established by this chapter and the program established by chapter 106 of title 10 but shall elect (in such form and manner as the Administrator may prescribe) the program to which such service is to be credited.

§ 1434. Program administration

(a) Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673 (with the exception of subsection (b)), 1674, 1676, 1682(g), and 1683 of this title and the provisions of subchapters I and II of chapter 36 of this title (with the exception of sections [1777,] 1780(a)(5), 1780(b), [1786, 1787, and 1792] 1780(c), 1780(g), 1786, and 1787 of such chapter) shall be applicable to the provision of educational assistance under this chapter. The term "eligible veteran", as used in those provisions, shall be deemed to include an individual who is eligible for educational assistance under this chapter.

[(b) An educational assistance allowance for any period may not be paid to an individual enrolled in or pursuing a program of education under this chapter until the Administrator has received—

[(1) from such individual a certification as to such individual's actual attendance during such period; and

[(2) from the educational institution a certification, or an endorsement of the individual's certificate, that such individual

ual was enrolled in and pursuing a program of education during such period.]

(b) *The Administrator may, pursuant to regulations which the Administrator shall prescribe, determine and define enrollment in, pursuit of, and attendance at, any program of education by an individual enrolled in or pursuing a program of education under this chapter for any period for which the individual receives educational assistance under this chapter. Subject to such reports and proof as the Administrator may require to show an individual's program, the Administrator may withhold payment of benefits to such individual until the required proof is received and the amount of the payment is appropriately adjusted.*

(c) *The Administrator may approve the pursuit of flight training by an individual entitled to basic educational assistance under this chapter if—*

(1) *such training is—*

(A) *offered by an institution of higher learning for credit toward a standard college or university degree;*

(B) *generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation; or*

(C) *generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation;*

(2) *the individual possesses a valid private pilot's license and meets the medical requirements necessary for a commercial pilot's license; and*

(3) *the flight school courses meet the Federal Aviation Administration standards and are approved by the State approving agency.*

[(c)] (d) *Regulations prescribed by the Secretary of Defense under this chapter shall be uniform for the Armed Forces under the jurisdiction of the Secretary of a military department.*

§ 1435. Allocation of administration and of program costs

(a) . . .

(b)(1) . . .

(2) *Payments for entitlement earned under subchapter II of this chapter that is established under section 1425(c) of this title at a rate in excess of the rate prescribed under section 1415(a) or 1415(b) of this title shall, to the extent of that excess, be made from the Department of Defense Education Benefits Fund established under section 2006 of title 10 or from appropriations made to the Department of Transportation, as appropriate.*

§ 1437. Veterans' Administration New GI Bill Educational Assistance Fund

(a) *There is hereby established in the Treasury of the United States a fund to be known as the Veterans' Administration New GI Bill Educational Assistance Fund. Amounts deposited in the Fund pursuant to sections 1411(b)(2) and 1412(c)(2) of this title shall be available for payments by the Administrator of entitlements earned under subchapter II of this chapter (other than for entitlements established under section 1415(c)) and for refunds made under section*

1438. Such amounts shall be in addition to amounts that are available under section 1435(b)(1) of this title.

(b)(1) The Secretary of the Treasury shall invest the portion of the Fund that is not required to meet current payments made from the Fund, as determined by the Administrator, in obligations of the United States or in obligations guaranteed as to principal and interest by the United States.

(2) Such obligations shall have maturities suitable to the needs of the Fund, as determined by the Administrator, and shall bear interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities.

(3) The income on such investments shall be credited to and form a part of the Fund.

§ 1438. Refunds

(a) The Administrator shall make a refund in an amount described in subsection (c) to an individual who is entitled to educational assistance under this chapter, but who has not been paid any allowance under section 1414, if the individual files an application with the Administrator for such refund during the 12-month period beginning 5 years after the date of the individual's last discharge or release from active duty.

(b) In the event of the death of an individual who is entitled to educational assistance under this chapter but who has not been paid any allowance under section 1414, the Administrator shall pay a refund in the amount described in subsection (c) to the living person or persons first listed below:

(1) The beneficiary or beneficiaries designated by such individual under such individual's Servicemen's Group Life Insurance policy.

(2) The surviving spouse of the individual.

(3) The surviving child or children of the individual, in equal shares.

(4) The surviving parent or parents of the individual, in equal shares.

If there is no such person living, the Administrator shall pay such amount to the individual's estate.

(c) The amount of any refund paid under this section shall be equal to the amount reduced from the individual's pay under section 1411(b) or 1412(c).

(d) Any individual to whom a refund is made under this section shall not be entitled to any educational assistance under this chapter on and after the date of such refund.

CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

Subchapter II—Miscellaneous Provisions

§ 1781. Limitations on educational assistance

(a) * * *

(b) No person may receive benefits concurrently under two or more of the provisions of law listed below [for the pursuit of the same program of education]:

- (1) Chapters 30, 31, 32, 34, 35, and 36 of this title.
- (2) [Chapter] chapters 106 and 107 of title 10.

§ 1792. Advisory committee

(a) There shall be [an advisory committee] a *Veterans' Advisory Committee on Education* formed by the Administrator which shall be composed of persons who are eminent in their respective fields of education, labor, and management and of representatives of institutions and establishments furnishing education to eligible veterans or persons enrolled under chapter 30, 32, 34, or 35 of this title. The committee shall also include veterans representative of World War II, the Korean conflict era, the post-Korean conflict era, the Vietnam era, and the post-Vietnam era. The Assistant Secretary of Education for Postsecondary Education (or such other comparable official of the Department of Education as the Secretary of Education may designate) and the Assistant Secretary of Labor for Veterans' Employment shall be ex officio members of the advisory committee.

(b) The Administrator shall consult with and seek the advice of the committee from time to time with respect to the administration of this chapter and chapters 30, 32, 34, and 35 of this title. The committee may make such reports and recommendations as it considers desirable to the Administrator and the Congress.

PART IV—GENERAL ADMINISTRATIVE PROVISIONS

CHAPTER 51—APPLICATIONS, EFFECTIVE DATES, AND PAYMENTS

Subchapter II—Effective Dates

§ 3013. Effective dates of educational benefits

Effective dates relating to awards under chapter 30, 31, 34, and 35 of this title shall, to the extent feasible, correspond to effective dates relating to awards of disability compensation.

CHAPTER 53—SPECIAL PROVISIONS RELATING TO BENEFITS

§ 3103A. Minimum active-duty service requirement

(a) * * *

(b)(1) . . .

(3) Paragraph (1) of this subsection does not apply—
(A) . . .

(D) to the provision of a benefit for or in connection with a service-connected disability, condition, or death; [or]

(E) to benefits under chapter 19 of this title[.]; or

(F) to benefits under chapter 30 of this title in the case of a person entitled to benefits under such chapter by reason of section 1411(a)(1)(A)(ii)(II) of this title.

SECTION 704 OF THE ACT OF OCTOBER 19, 1984

(Public Law 98-525)

[SUSPENSION OF RIGHT TO ENROLL IN CHAPTER 32 PROGRAM

[Sec. 704. No individual on active duty in the Armed Forces may initially enroll in the educational assistance program provided for in chapter 32 of title 38, United States Code, during the period beginning on July 1, 1985, and ending on June 30, 1988.]

TITLE 10, UNITED STATES CODE

Subtitle A—General Military Law

PART III—TRAINING

CHAPTER 106—EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE

§ 2131. Educational assistance program: establishment; amount

(a) . . .

(b) [Each] Except as provided in subsection (d) and (e), each educational assistance program established under subsection (a) shall provide for payment by the Secretary concerned to each person entitled to educational assistance under this chapter who is pursuing a program of education and educational assistance allowance at the following rates:

(1) \$140 per month for each month of full-time pursuit of a program of education;

(2) \$105 per month for each month of three-quarter-time pursuit of a program of education; [and]

(3) \$70 per month for each month of half-time pursuit of a program of education [.] ; and

(4) an appropriately reduced rate, as determined under regulations which the Administrator of Veterans' Affairs shall prescribe, for each month of half-time pursuit of a program of education.

[(c)(1) Educational Assistance may only be provided under this chapter for pursuit of a program of education at an institution of higher learning and may not be provided to a person after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion of study.]

(c)(1) Educational Assistance may only be provided under this chapter for pursuit of a program of education that is an approved program for purposes of chapter 30 of title 38; except that such assistance may not be provided to any person with respect to postgraduate courses of education leading to a postgraduate degree after the person has completed a course of instruction required for the award of a baccalaureate degree or the equivalent evidence of completion of study.

(2) Subject to section 1795 of title 38, the maximum number of months of educational assistance that may be provided to any person under this chapter is 36 (or the equivalent thereof in part-time educational assistance).

(d) In any month in which an individual pursuing a program of education consisting of a program of apprenticeship or other on-job training fails to complete 120 hours of training, the amount of monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours.

(e) Each individual who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of section 2136(d) shall be paid an educational assistance allowance under this chapter to be computed at the rate of 75 per centum of the established charges for tuition and fees which similarly circumstanced individuals enrolled in the same flight course are required to pay. No educational assistance allowance for any month shall be paid to an individual under this chapter who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certificate from the individual and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month. In each case the period of entitlement of such individual shall be charged with one month for each \$140 which is paid to the individual as an educational assistance allowance for such course.

§ 2132. Eligibility for educational assistance

(a) A person who—

(1) • • •

(2) before completing [initial active duty for training] the service referred to in paragraph (1) has received a secondary school diploma (or an equivalency certificate);

(c) Each person who becomes entitled to educational assistance under subsection (a) shall at the time the person becomes so entitled be given a statement in writing summarizing the provisions of this chapter and stating clearly and prominently the substance of sections 2134 and 2135 of this title as such sections may apply to the person. At the request of the Administrator of Veterans' Affairs, the Secretary of Defense shall transmit a notice of entitlement for each such person to the Administrator.

[(d) A person who is entitled to educational assistance under chapter 30 of title 38 based on section 1412 of that title may not be provided educational assistance under this chapter.]

(d) An individual who serves in the Selected Reserve may not receive credit for such service under both the program established by chapter 30 of title 38 and the program established by this chapter but shall elect (in such form and manner as the Administrator of Veterans' Affairs may prescribe) the program to which such service is to be credited.

§ 2133 Time limitation for use of entitlement

(a) Except as provided in subsection (b), the period during which a person entitled to educational assistance under this [section] chapter may use such person's entitlement expires (1) at the end of the 10-year period beginning on the date on which such person becomes entitled to such assistance, or (2) on the date the person is separated from the Selected Reserve, whichever occurs first.

(b)(1) In the case of a person separated from the Selected Reserve because of a disability (which was not the result of the individual's own willful misconduct) incurred on or after the date on which such person becomes entitled to educational assistance under this chapter, the period of entitlement prescribed by subsection (a) shall be determined without regard to clause (2) of such subsection.

[(b)(1)](2) The provisions of section 1431(e) of title 38 shall apply to the period of entitlement prescribed by subsection (a).

[(2)](3) The provisions of section 1431(d) of title 38 shall apply to the period of entitlement prescribed by subsection (a) in the case of a disability incurred in or aggravated by service in the Selected Reserve.

§ 2135. Failure to participate satisfactorily; penalties

(a)(1) A member of the Selected Reserve of the Ready Reserve of an armed force who fails to participate satisfactorily in required training as a member of the Selected Reserve during a term of enlistment or other period of obligated service that created entitlement of the member to educational assistance under this chapter, and during which the member has received such assistance, shall, at the option of the Secretary concerned—

(A) . . .

(b)(1) The amount of a refund under subsection (a) shall be the amount equal to the product of—

[(A) the number of months of obligated service remaining under the agreement entered into under section 2132(a)(3) divided by the original number of months of such obligation; and]

(A) the number of months of obligated service the person has remaining under section 2123 of this title divided by the original number of months of such obligation; and

§ 2136. Administration of program

(a) * * *

(b) Except as otherwise provided in this chapter, the provisions of sections 1663, 1670, 1671, 1673 (with the exception of subsection (b)), 1674, 1676, 1682(g), and 1683 of chapter 34 of title 38 and the provisions of subchapters I and II of chapter 36 of such title (with the exception of sections 1780(a)(5), 1780(b), 1780(c), 1780(g), 1786, 1787(b)(1), and 1792) shall be applicable to the provision of educational assistance under this chapter. The term "eligible veteran", as used in those provisions, shall be deemed for the purpose of the application of those provisions to this chapter to refer to a person eligible for educational assistance under this chapter.

(c) The Administrator may, pursuant to regulations which the Administrator shall prescribe, determine and define enrollment in, pursuit of, and attendance at, any program of education by an individual enrolled in or pursuing a program of education under this chapter for any period for which the individual receives educational assistance under this chapter. Subject to such reports and proof as the Administrator may require to show an individual's enrollment in and satisfactory pursuit of such individual's program, the Administrator may withhold payment of benefits to such individual until the required proof is received and the amount of the payment is appropriately adjusted.

(d) The Administrator of Veterans' Affairs may approve the pursuit of flight training by an individual entitled to educational assistance under this chapter if—

(1) such training is—

(A) offered by an institution of higher learning for credit toward a standard college or university degree;

(B) generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation; or

(C) generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation;

(2) the individual possesses a valid private pilot's license and meets the medical requirements necessary for a commercial pilot's license; and

(3) the flight school courses meet the Federal Aviation Administration standards and are approved by the State approving agency.